



Hawaii Performance Contracting Workshop 2003 Products & Services

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What Is Energy Savings Performance Contracting?



- Government and Private-sector partnership.
- Private sector company – pays or arranges financing for up-front cost of purchasing and installing energy efficient equipment.
- State – repays private company over term of contract from energy cost savings; in other words, paying for performance.

DBEDT's Role



- Act as Catalyst for the program.
- Prepare enabling legislation and amendments as required.
- Provide technical assistance to assist facility through entire process.
- Maintain "Guide to Energy Performance Contracting."
- Conduct workshops on technical issues.

Enabling Legislation



Chapter 36-41 Hawaii Revised Statute (HRS) “Energy Retrofit and Performance Contracting for Public Facilities”

Directs all agencies (including counties, the Judiciary and the University of Hawaii) to evaluate and identify energy efficient retrofits that can be implemented through performance contracting . Allows agencies to keep energy savings.

(www.capitol.hawaii.gov/hrscurrent)

Enabling Legislation



Part II. Chapter 196 HRS “Energy Efficiency in State Facilities”

Provides goals for energy efficiency improvements in state facilities through the use of Energy Savings Performance Contracts, utility energy-efficiency service contracts, ENERGY STAR and other energy efficient products.

(www.capitol.hawaii.gov/hrscurrent)

Enabling Legislation



Chapter 37D HRS “Management of Financing Agreements”

Establishes a centralized master lease-financing program for, among other things, energy retrofits at favorable tax exempt rates. Has not yet been implemented for energy retrofits.

Third party financing is being used for some state projects.

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Procurement



- **Energy savings performance contracts are fixed price, multi-year service contracts**
- **An energy savings performance contract solicitation is a competitive sealed proposal and should comply with HAR Title 3, Subchapter 6**
- **Key elements of the Request for Proposals include**
 - **Scope of services and specifications**
 - **Contractual terms and conditions**
 - **Instructions for submission and information for proposers**
 - **Description of evaluation criteria**
 - **Facility information**

Key Elements of Energy Savings Performance Contracts



- Agency keeps savings, they do not revert to the General Fund;
- Term of contract limited to 15 years;
- Annual allocation dependency clause must be included;
- Agency shall receive title to equipment financed;
- Level of payments to contractor is contingent upon measured energy cost savings; and
- Total costs shall not exceed total savings.

Potential savings



Facility	Project Size	Estimated Annual Savings
Judiciary (5 buildings)	\$1.5 million	\$250,000
Hawaii Army National Guard	Under study	Under study

Active Projects

Facility/Location	Project Size (\$)	Annual Savings (\$)
UH-Hilo	2.9 million	450,000
Hawaii County Bldg	0.5 million	65,000
Hawaii Fire & Police Stat.	0.4 million	51,000
Hilo & Kona Public SafetyBldgs	1.3 million	140,000
County of Kauai Bldgs	0.5 million	68,000
Honolulu Hale	3.0 million	119,000
Hawaii Health Systems Corporation	10.7 million	1.1 million

Lessons Learned



- Measure energy savings not energy cost savings
- Communications are critical at all levels
- Find an on-site or agency champion
- Aggregate facilities
- Long-term contract
- Technology should be simple to operate and maintain
- An energy performance contract is a partnership between the agency and the ESCO

References



*Guide to Energy Performance Contracting and
Supplement on Measurement & Verification*

www.hawaii.gov/dbedt/ert/epc.html

*International Performance Measurement and
Verification Protocol* www.ipmvp.org

*FEMP Measurement and Verification Guidelines for
Federal Energy Projects, Version 2.2*

www.osti.gov/bridge